

# **State of Alaska FY2003 Governor's Operating Budget**

## **Department of Natural Resources Land Sales & Municipal Entitlements Component Budget Summary**

## **Component: Land Sales & Municipal Entitlements**

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### **Component Mission**

To make land available for private and public use by present and future Alaskans by conveying title to individuals through direct land sale programs and to municipalities under the entitlement and other programs. (Differs from SLA 2001, Ch. 90, Section 112)

(The 2000 Legislature gave the Division very specific performance measures for land sales for FY 02 and 03. The Division is proud that it met these performance measures for FY 02 and expects to meet them for FY 03.)

### **Component Services Provided**

Specific functions of this component include land sales to the public, land transfers to municipalities, long-term administration of land sale contracts, land exchanges, identifying land for public, municipal, and private use and development through land use plans, and related support services. Support services include appraisals to determine the value of lands sold, surveys to determine property boundaries, and graphics staff to prepare maps and brochures depicting land for sale. The graphics staff also provides graphics services to the entire department.

The FY 03 State Land Disposal Income Fund will fund approximately \$2.7 million of this component. Revenues from the state land sale program will generate an estimated \$3.3 million. One of the purposes of the municipal entitlement and tidelands conveyance programs is to generate revenue for local governments, therefore the municipal entitlement program results in net loss of revenue to the state government when income producing lands are transferred.

This component provides the following services:

#### **LAND SALES TO INDIVIDUAL ALASKANS**

This program makes land available for private ownership. Tasks include: new land sales; new remote recreational cabin offerings; identify and classify additional lands for private ownership; and administering land sale contracts for lands previously offered. For specific performance measures met in FY 02 and expected for FY 03, please see "Component Goals and Strategies."

#### **LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS**

This program includes the following tasks: determine how much land new municipalities are entitled to under AS 29.65; process high priority selections from municipalities; prepare survey instruction and review surveys of municipal lands; issue deeds to municipalities; and identify and classify land for municipal ownership. The state is proposing an increment to allow it to accelerate the task of municipal conveyances. The major focus of FY 03 entitlements will continue to be North Slope, Kenai, Matanuska-Susitna and Northwest Arctic boroughs entitlements. Assuming the increment is approved, the acreages conveyed to municipalities will increase to approximately 60,000 in FY04, from an estimated 12,000 in FY02.

#### **TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES**

DNR transfers state owned tidelands to municipalities for existing and proposed development projects under AS 38.05.825 and upland parcels for public purposes under AS 38.05.810. The Division expects to process ten parcels under this program in FY 03.

#### **PREFERENCE RIGHT LAND SALES TO INDIVIDUALS**

DNR negotiates sales to individuals that qualify for preference right sales. The workload is determined in part by the number and complexity of applications. The Division expects to process 5 preference right applications in FY03.

#### **LAND EXCHANGES**

Due to past budget reductions, land exchanges are only performed when one of the parties desiring the exchange is willing to pay for this service. Current land exchanges include an exchange funded by Exxon Valdez Oil Spill (EVOS) Restoration funds near Old Harbor. Staff also respond to numerous inquiries from the public and other agencies regarding exchanges, and review federal legislation involving land exchanges.

**LAND PLANNING FOR DISPOSAL AND DEVELOPMENT**

Development of land use and development plans are largely funded through this component. These land use plans identify and classify land for new land disposals, transfers to municipalities, timber harvest, and other development.

FY03 planning efforts include completing the Northern Southeast plan to enable timber development and commercial recreational development, completing the Upper Yukon Area Plan that enables development of recreation and tourism along the Taylor Highway, and initiating planning for tidelands areas in Southcentral Alaska (Kodiak or Prince William Sound).

**Component Goals and Strategies****LAND SALES TO INDIVIDUAL ALASKANS**

The 2000 legislature provided additional funds, new legislation, and very specific performance goals for the land sale program. As a result, in FY 01, DNR launched an expanded land sale program that resulted in significantly more land being offered and sold in FY 02. DNR's goal is to continue this expanded land sale program into FY 03 and beyond. Because of the time needed to identify and appraise land for sale, land sales funded in FY 02 occur in FY 03 or 04. Revenue generated includes principal and interest from existing sale contracts, and down payments and revenue from new land sales. For existing land sale contracts DNR must send out notices, receive money, and process changes to contracts. A significant contract workload is processing requests for assignments of contracts. DNR also processes Preference Right Land sales to individuals. Through long-range planning, additional land is identified and classified for future land sales.

The legislature's performance goals were as follows. For each of FY 02 and FY 03: 2,500 re-offer parcels and 250 remote cabin site parcels (the "stake-it-yourself program"). In FY 02, the Division offered 2,410 re-offer parcels and 295 remote cabin site parcels. In addition 170 subdivision parcels remained on the market from previous years. The Division is proud to have met the legislature's performance goals in FY 02 and expects to offer a similar amount (and meet the goals) in FY 03.

**LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS, TIDELAND CONVEYANCES, AND FOR PUBLIC PURPOSES**

Land is conveyed and patented to municipalities under the municipal entitlement program. Additional land is identified and classified as available for conveyance to existing or future municipalities. The increment proposed for this year will allow DNR to finally begin the process of finishing the municipal entitlements for the rural boroughs.

**LAND EXCHANGES**

These will only be pursued where specifically funded through RSA's or Cooperative Agreements

**IDENTIFY AND CLASSIFY LAND FOR DISPOSAL AND DEVELOPMENT**

Through land use plans, state land is made available for disposal and transfer to municipalities. In FY 03, DNR intends to complete plans for the Upper Yukon/Taylor Highway area and Northern Southeast Alaska, and launch a new planning effort in Southcentral Alaska.

Additional output and measurement information is available upon request from DNR Admin Services Manager (Nico Bus 465-2406).

**Key Component Issues for FY2002 – 2003****LAND SALES TO ALASKANS**

The key issue for land sales for FY 03 is to continue to meet the performance goals set by the 2000 legislature and to prepare for future land offerings.

**LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS**

Over the last few years, the state has made a significant effort to finalize land ownership patterns: final state selections were made and prioritized in 1994. The mental health land trust dispute has been settled. Native corporations are finally gaining title to their land. In addition, the state has resumed its land disposal program to transfer land to private individuals. The one exception to the resolution is municipal entitlements. Municipal entitlements for a number of rural

boroughs remain stalled because DNR has not had the staff to complete the public planning processes that are constitutionally required before the conveyances can be made.

An increment is being proposed to fund a comprehensive, public process to determine what land should be reclassified and made available for borough ownership. The six boroughs where this is an issue are Aleutians East, Lake and Peninsula, Denali, Northwest Arctic, North Slope, and Yakutat. DNR would use added staff to process the borough's selections and revise land use plans to enable additional lands to be conveyed to these boroughs. The three existing municipal entitlement staff are processing higher priority parcels; the existing planning staff are assigned to priority planning projects that enable development in unplanned areas of the state.

This increment would allow DNR to transfer management of 60,000 acres to these boroughs beginning in FY 04.

#### **LAND EXCHANGES**

Various potential land exchanges involving federal lands, such as involving an exchange to enable a hydroelectric project on Fall Creek near Gustavus may occur.

### **Major Component Accomplishments in 2001**

#### **LAND SALES TO INDIVIDUAL ALASKANS**

In FY 02, DNR offered 2,410 subdivision lots for sale through two sealed bid auctions, nearly a ten-fold increase from the previous year. An additional 170 parcels remained available for sale "over-the-counter" from previous years. DNR has identified approximately another 2,500 subdivision parcels that will be offered for sale in FY 03.

In FY 02, DNR offered land for the first time under the Remote Recreation Cabin Program, a new stake-it-yourself program. 295 parcels were offered under this program in 2001, with 687 applications received. Total FY01 revenue from state land sales was \$2.6 million which is greater than the \$2.3 million cost for the component.

#### **LAND TRANSFERS TO MUNICIPALITIES UNDER MUNICIPAL ENTITLEMENTS**

In FY 01, DNR approved for conveyance municipal entitlement selections totaling more than 16,600 acres for the following municipalities: Cordova, Dillingham, Kenai Peninsula Borough and Matanuska-Susitna Borough. DNR issued patents to Anchorage, Dillingham, Fairbanks - North Star Borough, Kenai Peninsula Borough, Kodiak Island Borough, Matanuska-Susitna Borough, and Valdez.

#### **TIDELANDS AND LAND TRANSFERS FOR PUBLIC PURPOSES**

In FY 01, DNR processed tidelands selections for Dillingham, False Pass, and the Matanuska-Susitna Borough.

#### **LAND EXCHANGES**

This item was not funded in FY 01. However, DMLW continued work on one exchange involving Native Corporation land at Old Harbor on Kodiak Island that was funded by EVOS. DMLW reviewed three proposed federal land exchanges that impacted state lands and researched numerous proposals from the public or federal agencies for additional land exchanges.

#### **LAND PLANNING FOR DISPOSAL AND DEVELOPMENT**

In FY 01 DNR completed and adopted the Central-Southern Southeast Area Plan that designates over 64,000 acres as available for timber harvest, makes 105,000 acres available for municipal selection, and identifies 13,000 acres for new land disposals. There are approximately 160,000 upland acres of state owned land in the planning area). DNR and the Kenai Peninsula Borough resolved litigation regarding the Kenai Area Plan, which enabled DNR to proceed with land conveyances to the Borough during FY 02.

### **Statutory and Regulatory Authority**

The Land Sales and Municipal Entitlements Component operates under the following authorities:

Statutory  
AS 29.65

AS 38.04  
AS 38.05.035  
AS 38.05.055 - 068  
AS 38.05.125  
AS 38.05.300  
AS 38.05.810 - 825  
AS 38.05.840  
AS 38.05.860  
AS 38.05.940  
AS 38.08  
AS 38.09  
AS 38.50

Regulatory  
11AAC (numerous sections)

## Land Sales &amp; Municipal Entitlements

## Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,642.6	1,590.0	1,915.5
72000 Travel	64.0	42.0	47.0
73000 Contractual	429.6	1,037.7	954.3
74000 Supplies	83.4	29.8	29.8
75000 Equipment	38.3	5.5	5.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>2,257.9</b>	<b>2,705.0</b>	<b>2,952.1</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	9.5	51.7	52.5
1004 General Fund Receipts	0.0	0.0	0.0
1007 Inter-Agency Receipts	433.7	158.3	159.6
1108 Statutory Designated Program Receipts	22.9	68.7	69.1
1153 State Land Disposal Income Fund	1,791.8	2,426.3	2,670.9
<b>Funding Totals</b>	<b>2,257.9</b>	<b>2,705.0</b>	<b>2,952.1</b>

## Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
<b>Unrestricted Revenues</b>						
State Land Disposal Income Fund	51434	184.8	320.7	320.7	490.0	490.0
Unrestricted Fund	68515	13.7	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>198.5</b>	<b>320.7</b>	<b>320.7</b>	<b>490.0</b>	<b>490.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	9.5	51.7	51.7	52.5	52.5
Interagency Receipts	51015	433.7	158.3	158.3	159.6	159.6
Statutory Designated Program Receipts	51063	22.9	68.7	68.7	69.1	69.1
State Land Disposal Income Fund	51434	1,791.8	2,426.3	2,426.3	2,670.9	2,670.9
<b>Restricted Total</b>		<b>2,257.9</b>	<b>2,705.0</b>	<b>2,705.0</b>	<b>2,952.1</b>	<b>2,952.1</b>
<b>Total Estimated Revenues</b>		<b>2,456.4</b>	<b>3,025.7</b>	<b>3,025.7</b>	<b>3,442.1</b>	<b>3,442.1</b>

## Land Sales & Municipal Entitlements

### Proposed Changes in Levels of Service for FY2003

**Municipal Entitlements:** Over the last few years, the state has made a significant effort to finalize land ownership patterns: Final state selections were made and priorities publicized in 1994. The mental health land trust dispute has been settled. Native corporations are finally gaining title to land. In addition, the state has re-started its land disposal program to transfer land to private individuals. The knowledge of which group will eventually control the land is a pre-requisite to economic development. The one exception to resolution is municipal entitlements. Municipal entitlements for a number of rural boroughs remain unconveyed because DNR has not had the staff to complete the public planning processes that are constitutionally required before the conveyances can be made.

A \$210.0 increment is being proposed to fund a comprehensive, public process to determine what land should be reclassified and made available for borough ownership. The six boroughs where this is an issue are Aleutians East, Lake and Peninsula, Denali, Northwest Arctic, North Slope, and Yakutat. DNR would use added staff to process the borough's selections and revise land use plans to enable additional lands to be conveyed to these boroughs. The three existing municipal entitlement staff are processing higher priority parcels; the existing planning staff are assigned to priority planning projects that enable development in unplanned areas of the state.

If the increment is approved, it will allow the Department to increase conveyances to municipalities to 60,000 acres beginning in FY 04.

### Summary of Component Budget Changes

#### From FY2002 Authorized to FY2003 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2002 Authorized</b>	<b>0.0</b>	<b>51.7</b>	<b>2,653.3</b>	<b>2,705.0</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.8	36.3	37.1
<b>Proposed budget increases:</b>				
-Transfer of State Lands to Municipalities	0.0	0.0	210.0	210.0
<b>FY2003 Governor</b>	<b>0.0</b>	<b>52.5</b>	<b>2,899.6</b>	<b>2,952.1</b>

## Land Sales &amp; Municipal Entitlements

## Personal Services Information

Authorized Positions		Personal Services Costs	
	<u>FY2002</u>	<u>FY2003</u>	
	<u>Authorized</u>	<u>Governor</u>	
Full-time	28	34	Annual Salaries 1,436,061
Part-time	0	0	COLA 32,993
Nonpermanent	0	0	Premium Pay 0
			Annual Benefits 542,667
			Less 4.78% Vacancy Factor (96,221)
			Lump Sum Premium Pay 0
<b>Totals</b>	<b>28</b>	<b>34</b>	<b>Total Personal Services 1,915,500</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	3	0	0	0	3
Cartographer II	1	0	0	0	1
Cartographer III	1	0	0	0	1
Land Survey Asst II	1	0	0	0	1
Land Surveyor II	1	0	0	0	1
Natural Resource Mgr I	5	0	0	0	5
Natural Resource Mgr II	2	0	0	0	2
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Off I	7	1	0	0	8
Natural Resource Off II	8	0	0	0	8
Natural Resource Off III	1	0	0	0	1
Natural Resource Tech I	1	0	0	0	1
Natural Resource Tech II	1	0	0	0	1
<b>Totals</b>	<b>33</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>34</b>